



**ARMSTRONG BACKUS & CO., LLP**

Certified Public Accountants

**AMERICAN PECAN COUNCIL**

**Compiled Financial Statements**

**For the One Month and Four Months Ended January 31, 2019**

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**ARMSTRONG, BACKUS & CO., LLP**  
Certified Public Accountants

To the Board of Directors of  
American Pecan Council

**ACCOUNTANTS' COMPILATION REPORT**

Management is responsible for the accompanying financial statements of American Pecan Council (a nonprofit organization), which comprise the statement of financial position as of January 31, 2019 and the related statements of activities, statements of functional expenses, and cash flows for the one month and four months ended, in accordance with accounting principles generally accepted in the United States of America. We have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. We did not audit or review the financial statements nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an opinion, a conclusion, nor provide any form of assurance on these financial statements.

Management has elected to omit substantially all of the required by accounting principles generally accepted in the United States of America. If the omitted disclosures were included in the financial statements, they might influence the user's conclusions about the Organization's financial position, results of operations, and cash flows. Accordingly, the financial statements are not designed for those who are not informed about such matters.

**Supplementary Information**

The supplementary information included in the operating budget for the one month and four months ended January 31, 2019 and year ended September 30, 2019 is presented for the purpose of additional analysis and is not a required part of the basic financial statements. This information is the representation of management. The information was subject to our compilation engagement; however, we have not audited or reviewed the supplementary information and, accordingly, do not express an opinion, a conclusion, nor provide any form of assurance on such supplementary information.

We are not independent with respect to the American Pecan Council.

*Armstrong, Backus & Co., L.L.P.*

San Angelo, Texas  
February 15, 2019

An independently owned member  
RSM US Alliance



**AMERICAN PECAN COUNCIL**  
**Statement of Financial Position**

**As of January 31, 2019**

**ASSETS**

**Current Assets:**

Cash and Cash Equivalents	\$	6,343,073
Accounts Receivable		1,565,378
Prepaid Expenses		5,622

Total Current Assets	\$	<u>7,914,073</u>
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**Fixed Assets:**

Property, Plant, and Equipment	\$	47,289
Accumulated Depreciation	(	<u>11,333)</u>

Total Fixed Assets	\$	<u>35,956</u>
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**Other Assets:**

Security Deposit	\$	<u>2,400</u>
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Total Other Assets	\$	<u>2,400</u>
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<b>TOTAL ASSETS</b>	\$	<u><u>7,952,429</u></u>
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**LIABILITIES AND NET ASSETS**

**Current Liabilities:**

Accounts Payable	\$	<u>1,116,998</u>
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Total Current Liabilities	\$	<u>1,116,998</u>
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Total Liabilities	\$	<u>1,116,998</u>
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**Net Assets:**

Without Donor Restriction	\$	<u>6,835,431</u>
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Total Net Assets	\$	<u>6,835,431</u>
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<b>TOTAL LIABILITIES AND NET ASSETS</b>	\$	<u><u>7,952,429</u></u>
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See Accountants' Compilation Report.

**AMERICAN PECAN COUNCIL**

**Statement of Activities**

**For the One Month Ended January 31, 2019**

	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
<b>Revenue:</b>			
Assessment Income	\$ 1,340,209	\$ -0-	\$ 1,340,209
Interest Earned	1,062	-0-	1,062
	<hr/>	<hr/>	<hr/>
Total Revenue	\$ 1,341,271	\$ -0-	\$ 1,341,271
	<hr/>	<hr/>	<hr/>
<b>Expenses:</b>			
Program Expense	\$ 1,137,623	\$ -0-	\$ 1,137,623
Management and General	134,011	-0-	134,011
	<hr/>	<hr/>	<hr/>
Total Expenses	\$ 1,271,634	\$ -0-	\$ 1,271,634
	<hr/>	<hr/>	<hr/>
Change in Net Assets	\$ 69,637	\$ -0-	\$ 69,637
	<hr/>	<hr/>	<hr/>
Net Assets, as Previously Stated	\$ 6,814,836	\$ -0-	\$ 6,814,836
	<hr/>	<hr/>	<hr/>
Prior Period Adjustment	( 49,042)	-0-	( 49,042)
	<hr/>	<hr/>	<hr/>
Net Assets, as Restated	\$ 6,765,794	\$ -0-	\$ 6,765,794
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Net Assets, Ending	\$ 6,835,431	\$ -0-	\$ 6,835,431
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See Accountants' Compilation Report.

# AMERICAN PECAN COUNCIL

## Statement of Activities

**For the Four Months Ended January 31, 2019**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<b>Revenue:</b>			
Assessment Income	\$ 3,635,506	\$ -0-	\$ 3,635,506
Interest Earned	38,210	-0-	38,210
Total Revenue	<u>\$ 3,673,716</u>	<u>\$ -0-</u>	<u>\$ 3,673,716</u>
<b>Expenses:</b>			
Program Expense	\$ 1,851,377	\$ -0-	\$ 1,851,377
Management and General	346,558	-0-	346,558
Total Expenses	<u>\$ 2,197,935</u>	<u>\$ -0-</u>	<u>\$ 2,197,935</u>
Change in Net Assets	<u>\$ 1,475,781</u>	<u>\$ -0-</u>	<u>\$ 1,475,781</u>
Net Assets, as Previously Stated	\$ 5,795,315	\$ -0-	\$ 5,795,315
Prior Period Adjustment	( 435,665)	-0-	( 435,665)
Net Assets, as Restated	<u>\$ 5,359,650</u>	<u>\$ -0-</u>	<u>\$ 5,359,650</u>
Net Assets, Ending	<u>\$ 6,835,431</u>	<u>\$ -0-</u>	<u>\$ 6,835,431</u>

See Accountants' Compilation Report.

**AMERICAN PECAN COUNCIL**

**Statement of Functional Expenses**

**For the One Month Ended January 31, 2019**

	<b>Program Expense Marketing</b>	<b>Management and General</b>	<b>Total</b>
General Administrative:			
Staff and Administrative	\$ -0-	\$ 92,227	\$ 92,227
Insurance	-0-	439	439
Compliance	498	-0-	498
Other General Administrative	-0-	41,345	41,345
Contingency Fund	-0-	-0-	-0-
Industry Relations	5,286	-0-	5,286
Marketing	7,294	-0-	7,294
Strategic Planning	1,100,000	-0-	1,100,000
Standardization	24,545	-0-	24,545
	<hr/>	<hr/>	<hr/>
Total Expenses	\$ 1,137,623	\$ 134,011	\$ 1,271,634

See Accountants' Compilation Report.

**AMERICAN PECAN COUNCIL**

**Statement of Functional Expenses**

**For the Four Months Ended January 31, 2019**

	<b>Program Expense Marketing</b>	<b>Management and General</b>	<b>Total</b>
General Administrative:			
Staff and Administrative	\$ -0-	\$ 249,939	\$ 249,939
Insurance	-0-	1,866	1,866
Compliance	60,597	-0-	60,597
Other General Administrative	-0-	94,753	94,753
Contingency Fund	-0-	-0-	-0-
Industry Relations	9,089	-0-	9,089
Marketing	527,992	-0-	527,992
Research	55,517	-0-	55,517
Strategic Planning	1,100,000	-0-	1,100,000
Standardization	98,182	-0-	98,182
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Total Expenses	\$ 1,851,377	\$ 346,558	\$ 2,197,935

See Accountants' Compilation Report.

# AMERICAN PECAN COUNCIL

## Statement of Cash Flows

**For the One Month and Four Months Ended January 31, 2019**

	<u>One Month</u>	<u>Four Months</u>
<b>Cash Flows From Operating Activities:</b>		
Cash Received from Assessments	\$ 670,471	\$ 2,070,128
Cash Received from Interest Earned	1,062	38,210
Cash Paid for Salary and Benefits	( 92,227)	( 249,939)
Cash Paid for Operating Expenses	( 43,556)	( 3,087,356)
	<hr/>	<hr/>
Net Cash Provided (Used) by Operating Activities	\$ 535,750	(\$ 1,228,957)
	<hr/>	<hr/>
Net Increase (Decrease) in Cash	\$ 535,750	(\$ 1,228,957)
	<hr/>	<hr/>
Cash, Beginning of Period	5,807,323	7,572,030
	<hr/>	<hr/>
Cash, End of Period	\$ 6,343,073	\$ 6,343,073
	<hr/> <hr/>	<hr/> <hr/>
<b>Reconciliation of Increase (Decrease) in Net Assets to Net Cash Provided (Used) by Operating Activities:</b>		
Increase (Decrease) in Net Assets	\$ 69,637	\$ 1,475,781
Adjustments to Reconcile Increase (Decrease) in Net Assets to Net Cash Provided (Used) by Operating Activities:		
Depreciation Expense	788	3,152
Changes in Assets and Liabilities:		
(Increase) Decrease in Prepaid Expenses	38,062	97,637
(Increase) Decrease in Accounts Receivable	( 669,738)	( 1,565,378)
Increase (Decrease) in Accounts Payable	1,097,114	( 1,240,149)
Increase (Decrease) in Payroll Tax Payable	( 113)	-0-
	<hr/>	<hr/>
Net Cash Provided (Used) by Operating Activities	\$ 535,750	(\$ 1,228,957)
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See Accountants' Compilation Report.



# AMERICAN PECAN COUNCIL

## Operating Budget

**For the One Month and Four Months Ended January 31, 2019  
and the Year Ended September 30, 2019**

	One Month Ended January 31, 2019		Four Months Ended January 31, 2019		Fiscal Year Ended September 30, 2019
	Actual	Operating Budget	Actual	Operating Budget	Operating Budget
<b>Revenue:</b>					
2016 Assessment Income - Carry Over	\$ -0-	\$ -0-	\$ 366	\$ -0-	\$ -0-
2017 Assessment Income	-0-	-0-	331,359	-0-	-0-
2017 - 2018 Remaining	-0-	91,667	390,505	366,667	1,100,000
2018 - 2019 Improved	1,205,985	625,250	2,648,118	2,501,000	7,503,000
2018 - 2019 Native/Seedlings	44,990	61,000	126,439	244,000	732,000
2018 - 2019 Substandard	89,234	30,500	138,719	122,000	366,000
Interest Earned	1,062	-0-	38,210	-0-	-0-
<b>Total Revenue</b>	<b>\$ 1,341,271</b>	<b>\$ 808,417</b>	<b>\$ 3,673,716</b>	<b>\$ 3,233,667</b>	<b>\$ 9,701,000</b>
<b>Expenses:</b>					
General Administrative:					
Staff and Administrative:					
Salaries	\$ 80,167	\$ 65,000	\$ 217,225	\$ 260,000	\$ 780,000
Benefits	4,919	6,667	15,691	26,667	80,000
Taxes	7,141	7,150	17,023	28,600	85,800
<b>Total Staff and Administrative</b>	<b>\$ 92,227</b>	<b>\$ 78,817</b>	<b>\$ 249,939</b>	<b>\$ 315,267</b>	<b>\$ 945,800</b>
Insurance:					
Travel	\$ -0-	\$ 208	\$ -0-	\$ 833	\$ 2,500
General	-0-	667	-0-	2,667	8,000
D&O/Members	439	1,250	1,866	5,000	15,000
Fidelity	-0-	333	-0-	1,333	4,000
<b>Total Insurance</b>	<b>\$ 439</b>	<b>\$ 2,458</b>	<b>\$ 1,866</b>	<b>\$ 9,833</b>	<b>\$ 29,500</b>

See Accountants' Compilation Report.

# AMERICAN PECAN COUNCIL

## Operating Budget

**For the One Month and Four Months Ended January 31, 2019  
and the Year Ended September 30, 2019**

	One Month Ended January 31, 2019		Four Months Ended January 31, 2019		Fiscal Year Ended September 30, 2019
	Actual	Operating Budget	Actual	Operating Budget	Operating Budget
Compliance:					
Attorney/Crisis Management	\$ -0-	\$ 2,083	\$ -0-	\$ 8,333	\$ 25,000
Audit Financial	-0-	2,500	-0-	10,000	30,000
Compliance Travel	-0-	4,583	220	18,333	55,000
Sheller/Handler Audits	-0-	9,167	59,509	36,667	110,000
Printing/Forms/Postage	498	417	868	1,667	5,000
<b>Total Compliance</b>	<b>\$ 498</b>	<b>\$ 18,750</b>	<b>\$ 60,597</b>	<b>\$ 75,000</b>	<b>\$ 225,000</b>
Accounting/Financials	\$ 7,649	\$ 3,750	\$ 18,320	\$ 15,000	\$ 45,000
Telephone/Mobile/Internet	2,115	833	5,765	3,333	10,000
Travel Office	209	3,750	2,554	15,000	45,000
Travel Committee	22,580	13,333	33,231	53,333	160,000
Supplies	1,352	833	2,444	3,333	10,000
Maintenance/Buildout	-0-	1,667	7,850	6,667	20,000
Printing	1,393	1,250	2,545	5,000	15,000
IT/Furniture/Software	477	3,333	2,832	13,333	40,000
Subscriptions	2,282	417	2,315	1,668	5,000
Depreciation	788	-0-	3,153	-0-	-0-
Miscellaneous	2,500	333	2,884	1,333	4,000
Rent & Utilities	-0-	3,750	10,860	15,000	45,000
<b>Total General Administrative</b>	<b>\$ 134,509</b>	<b>\$ 133,274</b>	<b>\$ 407,155</b>	<b>\$ 533,100</b>	<b>\$ 1,599,300</b>
Contingency Fund:					
Contingency Fund	\$ -0-	\$ 200,308	\$ -0-	\$ 801,233	\$ 2,403,700
<b>Total Contingency Fund</b>	<b>\$ -0-</b>	<b>\$ 200,308</b>	<b>\$ -0-</b>	<b>\$ 801,233</b>	<b>\$ 2,403,700</b>

See Accountants' Compilation Report.

# AMERICAN PECAN COUNCIL

## Operating Budget

**For the One Month and Four Months Ended January 31, 2019  
and the Year Ended September 30, 2019**

	One Month Ended January 31, 2019		Four Months Ended January 31, 2019		Fiscal Year Ended September 30, 2019
	Actual	Operating Budget	Actual	Operating Budget	Operating Budget
<b>Industry Relations:</b>					
Annual Reports	\$ -0-	\$ 1,250	\$ -0-	\$ 5,000	\$ 15,000
Informational Materials	-0-	2,917	-0-	11,667	35,000
Travel/Handler Visits Workshop Materials	989	4,167	4,792	16,667	50,000
WS - Field Events	4,297	65,000	4,297	260,000	780,000
<b>Total Industry Relations</b>	<b>\$ 5,286</b>	<b>\$ 73,334</b>	<b>\$ 9,089</b>	<b>\$ 293,334</b>	<b>\$ 880,000</b>
<b>Marketing:</b>					
<b>APC Events:</b>					
Fruit Logistical	\$ 6,232	\$ 1,250	\$ 6,232	\$ 5,000	\$ 15,000
Asia Logistical	-0-	1,250	-0-	5,000	15,000
PMA	20	833	6,877	3,333	10,000
<b>Total APC Events</b>	<b>\$ 6,252</b>	<b>\$ 3,333</b>	<b>\$ 13,109</b>	<b>\$ 13,333</b>	<b>\$ 40,000</b>
Weber Shandwick	\$ -0-	\$ 250,000	\$ 507,828	\$ 1,000,000	\$ 3,000,000
Market Access Program Assistance	-0-	20,833	-0-	83,333	250,000
Branded Materials/Give Away	-0-	6,250	-0-	25,000	75,000
APC Travel for Events	83	2,083	2,966	8,333	25,000
USDA Marketing Events	959	833	2,251	3,333	10,000
Miscellaneous	-0-	420	1,838	1,668	5,000
<b>Total Marketing</b>	<b>\$ 7,294</b>	<b>\$ 283,752</b>	<b>\$ 527,992</b>	<b>\$ 1,135,000</b>	<b>\$ 3,405,000</b>
<b>Research:</b>					
Health Benefit Baseline Study	\$ -0-	\$ 22,083	\$ -0-	\$ 88,333	\$ 265,000
Nut Health	-0-	8,333	50,517	33,333	100,000
Contingency Fund	-0-	33,333	5,000	133,334	400,000
<b>Total Research</b>	<b>\$ -0-</b>	<b>\$ 63,749</b>	<b>\$ 55,517</b>	<b>\$ 255,000</b>	<b>\$ 765,000</b>

See Accountants' Compilation Report.

# AMERICAN PECAN COUNCIL

## Operating Budget

**For the One Month and Four Months Ended January 31, 2019  
and the Year Ended September 30, 2019**

	One Month Ended January 31, 2019		Four Months Ended January 31, 2019		Fiscal Year Ended September 30, 2019
	Actual	Operating Budget	Actual	Operating Budget	Operating Budget
Strategic Planning:					
Strategic Planning	\$ 1,100,000	\$ -0-	\$ 1,100,000	\$ -0-	\$ -0-
Total Strategic Planning	\$ 1,100,000	\$ -0-	\$ 1,100,000	\$ -0-	\$ -0-
Standardization:					
NASS Survey:					
January Prelim Report	\$ 24,545	\$ 13,167	\$ 98,182	\$ 52,667	\$ 158,000
December Crop Estimate	-0-	12,500	-0-	50,000	150,000
Total NASS Survey	\$ 24,545	\$ 25,667	\$ 98,182	\$ 102,667	\$ 308,000
Contingency Fund	\$ -0-	\$ 19,583	\$ -0-	\$ 78,333	\$ 235,000
Travel	-0-	1,250	-0-	5,000	15,000
Electronic Reporting Forms	-0-	7,500	-0-	30,000	90,000
Total Standardization	\$ 24,545	\$ 54,000	\$ 98,182	\$ 216,000	\$ 648,000
<b>Total Expenses</b>	\$ 171,634	\$ 808,417	\$ 1,097,935	\$ 3,233,667	\$ 9,701,000
<b>Change in Net Assets</b>	\$ 1,169,637	\$ -0-	\$ 2,575,781	\$ -0-	\$ -0-

See Accountants' Compilation Report.